

DEPARTMENT OF THE AIR FORCE
HEADQUARTERS UNITED STATES AIR FORCE
WASHINGTON 25, D.C.



REPLY TO
ATTN OF:

OSA-3665-65
#1664

SUBJECT:

REPLY TO:
Auditor General Representative (APL)
P. O. Box 8155
S. W. Station
Washington, D. C.

TO:

12 September 1965

SUBJECT: Report on Evaluation of Rates in CPFF Proposal
Sanders Associates, Inc.
Nashua, New Hampshire

TO : Contracting Officer

REF : 12 Aug 65 NW: pt; O-1140-811 Proposal
SAN-PRO-65-3964(2a)

1. Reference proposal relates to a one year study program to be performed at the Nashua and Bedford plants. Material, travel and per diem amounts were not reviewed. However, the rates used in the estimate for labor, overhead, material handling and C&A were confirmed as being reasonable and acceptable for CPFF proposals. Confirmation was made with the cognizant DCAA auditor.

The Contractor will experience about a one third volume increase in their FY 1966 which ends 31 July 1966. FY 1965 operating costs were about \$45,000,000 while FY 1966's will approximate \$65,000,000 dependent upon the completion/availability of buildings and new labor.

The proposed fixed fee on other CPFF effort has ranged from $7\frac{1}{2}$ to 9% in recent submissions. Profit of 12% was included in a recent Fixed Price Redeterminable contract.

If details concerning the estimated material, travel and per diem are necessary, please advise. The proposal copy is returned herewith.

for *Arthur G. Kenley*
W. F. Edwards
Auditor General Representative (APL)

On file USAF release
instructions apply.